

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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July 8, 2003

FROM: **EMIL A. MARZULLO**, Director
 Special Districts Department

SUBJECT: **APPROVAL OF A LOAN TO COUNTY SERVICE AREA 70, IMPROVEMENT
 ZONE R-39 (HIGHLAND ESTATES) – OAK HILLS/PHELAN**

RECOMMENDATION: Acting as the governing body for County Service Area 70, Improvement Zone R-39 (Highland Estates):

1. Adopt Resolution No. 03-____, authorizing a loan from the County Service Area Revolving Loan Fund to County Service Area 70, Improvement Zone R-39, in the amount not to exceed \$500,000 to be used for road paving.
2. Authorize the Special Districts Department to advertise for bids to pave and construct approximately 4 miles of residential roads, construct drainage crossings and other improvements in the unincorporated area of Oak Hills;
3. Approve plans and specifications on file with the Special Districts Department.

BACKGROUND INFORMATION: Recommendation No. 1 requests a loan in an amount not to exceed \$500,000, to be used for road paving. The County Service Area Revolving Loan Fund is regulated by Government Code Section 25210.9c. This section provides that “. . .a county may appropriate any of its available monies to a revolving fund not to exceed \$1 million.” The County Service Area Revolving Loan Fund currently has an authorized limit of \$1,000,000. \$349,044 is outstanding to various improvement zones and County Service Areas.

County Service Area 70, Improvement Zone R-39 (CSA 70 R-39) is a road maintenance Improvement Zone in the Oak Hills/Phelan area of San Bernardino County that was formed by the Board of Supervisors in 2001. The improvement zone was formed, as a means of providing financing to pave the 3.5 miles of road within the improvement zone and to provide ongoing road maintenance once the paving is complete.

The requested loan from the County Service Area Revolving Loan Fund will be used for the initial financing of this paving project. It is the intent of the district to get a commercial loan and repay the County Service Area Revolving Loan Fund. The purpose of securing the loan is so that the paving can be accomplished this summer with the annual budget for CSA 70 R-39 being used to pay the loan. Without a loan, the district would have to wait many years until it collects enough funds to pay for the paving project.

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In addition to the 3.5 miles of dirt roads to be paved by the district, the County Public Works Department has .5 miles of Baldy Mesa Road within the district that they would like to have paved. The Special Districts Department and the Public Works Department mutually agreed to include the Baldy Mesa Road paving as part of the overall paving project for CSA 70 R-39. CSA 70 R-39 will pay for their portion of the project and the Public Works Department will pay for Baldy Mesa Road. The Special Districts Department will take the lead as project manager and perform all inspections for the entire project. The Public Works Department will reimburse the Special Districts Department for time spent on their portion of the project. Due to the projects being combined, economies of scale should be realized thereby saving costs to both Departments.

After review of the bids, which are scheduled to be received on July 24, 2003, staff will return to the Board with a recommendation to approve a contract with the lowest responsible bidder. At that time, budget adjustments will be recommended to accommodate the project.

Approval of these actions will establish funding for the paving project and will authorize the Special Districts Department to conduct a competitive bid process.

REVIEW BY OTHERS: This action has been reviewed by County Counsel (L. Thomas Krahelski) on June 9, 2003, and by the County Administrative Office (Wayne Thies, Administrative Analyst) on June 30, 2003.

FINANCIAL IMPACT: The available amount in the County Service Area Loan Fund will decrease by an amount not to exceed \$500,000. The actual amount will be determined once the bid process is complete and actual costs are known. The loan repayment has been budgeted beginning FY 2003-2004 through district funds (RCK 527).

SUPERVISORIAL DISTRICT(S): First

PRESENTER: Emil A. Marzullo 387-5950